

The Use of Medicines in the United States: A Detailed Review

David B. Nash, MD, MBA, Editor-in-Chief, *American Health & Drug Benefits*
Jefferson School of Population Health, Philadelphia, PA



Kudos to our colleagues at the IMS Institute for Healthcare Informatics in Parsippany, NJ, for their 2012 report on the use of medicines in the United States in 2011.¹ Developed as a public service by the IMS Institute, without sponsorship from the pharmaceutical industry or from the government, this report is well worth a detailed review. I would like to share with you some of the highlights, along with some background information for each of the key conclusions of the report.

According to Michael Kleinrock, Director of Research Development at the IMS Institute, breakthrough therapies, innovation in disease treatments, and changes in the consumption of medicines transformed the US healthcare market in 2011.¹ At the core of this interesting report are 5 take-away messages¹:

1. Major transformations have become available in 2011 in the treatment options for diseases involving a few thousand to several million patients
2. Overall per-capita drug utilization declined in 2011 as office visits and non-emergency department hospital admissions dropped and older patients reduced the use of retail drugs
3. Patients with health insurance spent \$49 billion out of pocket (OOP) for prescription drugs, a decrease of \$1.8 billion from OOP spending in 2010; this decline "was largely related to the introduction of subsidies for Medicare Part D beneficiaries in the 'donut hole'"
4. Total healthcare system spending on drugs in 2011 reached \$320 billion, increasing on a per-capita basis from 2010 by only 0.5%; the declining use of branded drugs and increased availability of generic agents offset the increase in drug prices and spending on new and innovative medicines
5. Nearly one third of the total drug spending was concentrated in just 6 clinical areas—cancer, asthma, chronic obstructive pulmonary disease (COPD), dyslipidemia, diabetes, and mental health.

It is worth expanding a little on each of these 5 takeaway messages. Regarding transformation in treatment, 2011 was characterized by the introduction of 34 new molecular entities (NMEs), the greatest number of NMEs launched in the past 10 years. Key breakthrough therapies became available, for the first time, to treat several types of cancer, multiple sclerosis, hepatitis C, and cardiovascular conditions.¹

Regarding the utilization of healthcare and medicines, it is fascinating that per-capita retail prescription use, which averaged 11.33 prescriptions per person in 2011, has gone

down from 11.46 prescriptions per person in 2010. Per-capita prescription use declined in 41 states and fell by more than 3% in 10 states. Patients with health insurance spent \$1.8 billion less OOP for medicines in 2011 compared with 2010, as the average copay declined, especially for seniors participating in the Medicare Part D program. The majority of OOP costs were incurred by patients with commercial health insurance. The average copay for nearly 75% of all prescriptions was \$10 or less, but as much as \$40 on average for brand-name drugs was covered by commercial health plans.¹

Total spending on medicines, on a real per-capita basis, increased by 0.5% as declining use of branded drugs and greater availability of lower-cost generics offset the price increases of and higher spending on new medicines. Generics reached 80% of dispensed prescriptions; spending in this segment grew by \$5.6 billion in 2011. Finally, overall spending on medicines continued to be concentrated on traditional, small-molecule tablets dispensed through retail pharmacies, even as growth in these segments was outpaced by biologics, specialty drugs, injectables, and institutional channels, which accounted for as much as 30% of total drug spending.¹

Regarding the major therapeutic areas, spending on cancer drugs was \$23.2 billion in 2011, up by 4.2%, as a result of innovative new targeted therapies, and this was offset by patent expirations. Spending for respiratory treatments reached \$21 billion, up by \$1.7 billion, with antiasthmatic products accounting for more than 50%. Overall, 7.4 million patients were regularly taking medicines for asthma or COPD. Nearly 20 million Americans regularly used lipid-lowering medicines, up by 160,000 persons from 2010, while spending increased by \$1.4 billion. Finally, 11 million patients were treated with antidiabetes medicines; spending in this sector grew by \$1.9 billion, driven by insulins and by further uptake of new-generation therapies.¹

In summary, this comprehensive annual report (from a very reliable source) provides a great deal of new information, organized in a user-friendly manner. To me, one message stands out, namely, that the pharmaceutical industry represents an impressive innovative engine, despite the ongoing political drama surrounding the question of how health insurance reform will actually evolve.

As always, I am interested in your views and your comments. You can reach me by e-mail at david.nash@jefferson.edu or via the journal at editorial@engagehc.com.

Reference

1. IMS Institute for Healthcare Informatics. The use of medicines in the United States: review of 2011. April 2012. www.imshealth.com/ims/Global/Content/Insights/IMS%20Institute%20for%20Healthcare%20Informatics/IHII_Medicines_in_US_Report_2011.pdf. Accessed April 11, 2012.